

# Indiana Unclaimed Property

Office of the Indiana Attorney General



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- About the Office of the Indiana Attorney General. Please see [www.indianaunclaimed.com/reporting](http://www.indianaunclaimed.com/reporting) for more information about Unclaimed Property.
- Please see <http://www.in.gov/attorneygeneral/> for a detailed description of the legal function, services, and structure of the OAG and its divisions.

## Office of the Indiana Attorney General

- **Greg Zoeller**  
Attorney General
- **Bill Fulton**  
Director, UPD
- **Patience Senter**  
Holder Supervisor
- **Buck**  
The Money Dog



## Today's Presentation

- Background & UCP Law – Bill Fulton
- How to Report – Patience Senter



## What Is Unclaimed Property?

*Any financial asset that has been left with a Holder without activity or contact for an extended period of time (dormancy period).*



## Rationale for Unclaimed Property Laws

The State can best preserve and protect the interest of the rightful owner and possibly reunite the owner with their forgotten property.



## Benefits of Unclaimed Property Law

- Establishes a system in which an obligation due an owner can be permanently removed from the company's books
- Transfers custody and liability to the state
- Indemnifies the entity transferring liability
- Protects the property owner's interest



## History of Traditional Escheat

- Origins of unclaimed property law found in British Common Law
- Land – returned to Lord if tenant passed away without heirs.
- Personal Property – subject to claim only by the crown (based on the “royal prerogative”)
- This permanent transfer to the king was called “escheat”.



## Concept of Escheat

- **Definition:** Reversion of property to the state in the absence of legal heirs or claimants.
- **Origin:** Ancient Roman Law principle of *bona vacantia* (literally “vacant goods”)
- **Justification:** Theory that the general population should receive the benefit of unclaimed goods instead of the first individual to stake a claim.
- **Misnomer:** Today, true escheat exists only for intestate property – but the term is widely used for unclaimed property in general.

## Custodial Escheat

- Today, in the United States, the concept has been adapted to apply to intangible personal assets
- States do not take title, as did the king; they serve as **custodian** of the property in perpetuity on behalf of the rightful owner.
- Nonetheless, this custodial relationship continues to be referred to as escheat.
- Over time, states have revised and refined their various unclaimed property laws, resulting in over \$35 billion in collections; held for the benefit of owners whose whereabouts are at least temporarily unknown.

## Unclaimed Property in the U.S.

- American states establish their own abandoned property statutes:
  - 1908 - MA enacted Bank Deposit Statutes
  - 1915 - CA adopted Bank Deposit Statutes

Statutes required judicial proceeding to declare deposits abandoned, thereby terminating owners' rights to recover their funds.



## Unclaimed Property in the U.S.

- 1940 – first modern custodial state statutes appear
- 1951 – Standard Oil v. New Jersey establishes premise that unclaimed property is better held by the states and used for general good (public benefit) than held by an entity for singular enrichment
- 1954 – 1<sup>st</sup> Uniform Unclaimed Property Act
- 1966 – UUPA model legislation is amended
- 1981 – UUPA more comprehensively amended
- 1995 – UUPA amended again
- 2014 – Plans for new UUPA

## Uniform Unclaimed Property Act

- The Uniform Unclaimed Property Act has been enacted by every state, in one form or another. It is sometimes referred to as the W.C. Fields Law because when the entertainer died, his heirs spent years trying to contact hundreds of banks throughout the United States to locate his assets.
- The Uniform Unclaimed Property Act allows for a central location in each state where people can search for their unclaimed funds.
- Indiana: Established by law passed by the Indiana General Assembly in 1967.



## Unclaimed Property In Indiana

- The only Unclaimed Property office in the nation under admin of the Attorney General's Office
- Strong Consumer Protection Focus: our mission is to reunite rightful owners with their property.
- Until claimed by the rightful owners, funds are used for the good of all Indiana citizens.
- If the money goes unclaimed after 25 years, it is permanently absorbed into the General Fund and can no longer be claimed.



## Unclaimed Property in Indiana

- Total Funds Available: \$424 million
- Total # of Properties: 3,581,943
- Total Amount of Claims Paid in 2014: \$25 million
- Total Amount Received in 2014: \$24 million
- Average Claim Amount: \$854
- Largest Claim Paid in 2013: \$737,500



## Source of Funds

- |                    |       |
|--------------------|-------|
| • Insurance        | 29.8% |
| • Securities       | 29.3% |
| • Wages/Payroll    | 16.8% |
| • Checks           | 9.5%  |
| • Accounts         | 8.5%  |
| • Utilities        | 2.1%  |
| • Trusts           | 1.7%  |
| • Court Deposits   | 1.5%  |
| • Mineral Interest | 0.6%  |
| • Safe Deposit Box | 0.2%  |





## Review of Common Terms

- **Abandoned (Unclaimed) Property:** Intangible personal property, and in some instances tangible personal property, that has gone unclaimed for a specific period of time by its rightful owner.
- **Activity:** Action taken on property by the owner which has the effect of tolling or restarting the running of the applicable dormancy period under the law of the relevant jurisdiction. **Examples:** owner making a deposit or withdrawal, receipt of a written memorandum by the holder or response to a customer survey.

## Common Terms (cont'd)

- **Aggregate Amount:** The threshold dollar value of an individual owner's account that will require owner detail on the company's unclaimed property report. This may also trigger additional due diligence efforts. In Indiana, the aggregate amount is \$50, meaning all individual accounts equal to or greater than \$50 must be identified on the report and due diligence performed.
- **Due Diligence:** The degree of effort required by law that a holder must perform to locate the owner before reporting and remitting property to the state. Generally speaking, the required activity involves the holder sending some form of written notice to the owner.

## Common Terms (cont'd)

- **Dormancy (Abandonment) Period:** The continuous period of time that must elapse without any activity being taken by the owner before property will be considered “presumed abandoned” and, thus, reportable in accordance with state unclaimed property laws.
- **Date of Last Activity:** The date of last contact by the owner as evidenced by the records of the holder.
- **Finder:** Any person or entity who assists in locating the owners of unclaimed property for a fee or commission.

## Common Terms (cont'd)

- **Holder:** The entity that is in possession of, or controls, property belonging to another. The term Holder is widely used in state reporting instructions to refer to the entity responsible for filing an unclaimed property report.
- **Indemnification:** Refers to the protection from subsequent claims (whether made by an owner or by another state) that may be provided by a state to a Holder that remits property to a state.

## Common Terms (cont'd)

- **Intangible Property:** Personal property that has no intrinsic value but is merely the representation of property rights. It includes stock certificates, checks, drafts, deposits, customer credit balances, gift cards, security deposits, unpaid wages and royalty payments.
- **Last Known Address:** A description, as identified in the Holder's records, of the location of the owner of unclaimed property sufficient for the purposes of the delivery of mail.
- **Owner:** Any person, as identified in a Holder's records, having a legal interest in property held by a holder, including, but not limited to, a creditor, claimant or payee.

## Indiana Unclaimed Property Statute

- **Indiana Unclaimed Property Act IC 32-34-1**
- **Unclaimed Money in Possession of a Court Clerk IC 32-34-3**



## When is property presumed abandoned?

### Examples:

- Traveler's checks – 15 years after issuance
- Money orders – 7 years after issuance
- Property held by court clerk – 5 years after becoming distributable
- Property held by state or other government – 1 year after becoming distributable
- Most other property – 3 years after the property is payable
- IC 32-34-1-20(c)

## Property subject to custody in Indiana

### IC 32-34-1-21

- Last known address of owner is in Indiana
- Holder is domiciled in Indiana, if
  - Last known address of owner is unknown OR
  - Owner's address is in a jurisdiction that does not provide for state custody of unclaimed property



## Court Clerk Requirements

(Page 3 of handout)

- **Clerk Defined**

### **IC 32-34-3 Chapter 3. Unclaimed Money in Possession of a Court Clerk**

#### **IC 32-34-3-1**

##### **"Clerk" defined**

Sec. 1. As used in this chapter, "clerk" means any person performing the duties of a clerk of any court, whether designated specifically as the clerk of that court or not. *As added by P.L. 2-2002, SEC.19.*

## Court Clerk Requirements

- **Collection by AG, Disposition by Treasurer**

#### **IC 32-34-3-2 Collection by attorney general; disposition by treasurer of state**

Sec. 2. (a) Except for money related to child support, the attorney general may collect all money that remains in the office of a clerk for at least five (5) years after being distributable without being claimed by the person entitled to the money.

(b) The attorney general may collect all money related to child support that remains in the office of a clerk for at least ten (10) years after being distributable without being claimed by the person entitled to the money.

(c) Clerks shall deliver the money described in subsections (a) and

(b) to the attorney general upon demand, and the attorney general shall (1) make a record of the money collected; and

(2) turn it over to the treasurer of state.

(d) The treasurer of state shall deposit the money in the abandoned property fund established by IC 32-34-1-31. *As added by P.L. 2-2002, SEC.19.*

## Court Clerk Requirements

- **Claims procedure, payment**

### **IC 32-34-3-3 Claims; procedure; payment**

Sec. 3. (a) Within five (5) years after a sum of money is deposited in the abandoned property fund in accordance with section 2(d) of this chapter, a person may make a claim to the money by filing an application in the court whose clerk originally held the sum.

(b) If the proof presented by the claimant satisfies the court that the claim is valid, the court shall order payment of the money to the claimant. If presented with a certified copy of the court's order, the attorney general shall direct the treasurer to return the sum of money to the claimant. *As added by P.L. 2-2002, SEC. 19. Amended by P.L. 23-2008, SEC. 1.*

## Court Clerk Requirements

- **Limitations on claiming money**

### **IC 32-34-3-4 Unclaimed money; limitations on claiming money**

Sec. 4. (a) If a sum of money remains in the abandoned property fund for at least five (5) years after the date the money is deposited in the fund under section 2(d) of this chapter without any order directing the return of the money:

- (1) title to the sum vests in and escheats to the state; and
- (2) the sum shall be deposited in the state general fund.

(b) Any claimant who does not file an application with the court within five (5) years after the sum is deposited in the unclaimed funds account is barred from asserting a claim. *As added by P.L. 2-2002, SEC. 19. Amended by P.L. 246-2005, SEC. 218.*

## Court Clerk Requirements

- **Action for failure to deliver money**

### **IC 32-34-3-5 Action by attorney general against clerk for failure to deliver money**

Sec. 5. The attorney general may bring an action against a clerk who fails to deliver a sum of money to the attorney general upon demand under section 2 of this chapter. In that action, the attorney general may recover from the clerk, individually or upon the clerk's bond, the sum demanded plus a ten percent (10%) penalty. The sum demanded plus the penalty is collectible without relief from valuation or appraisal laws. *As added by P.L. 2-2002, SEC. 19.*

## Reporting Unclaimed Property Patience Senter



## How Does It Arise?

- Inactivity of account
- Payment Errors
  - Duplicate Payments
  - Customer Overpayments
  - Unidentified Payments / Remittances
- Unearned Customer / Client Receipts
- Unsettled Disbursements



## Top Reasons For Inactivity of Account

- Owner is deceased
- Owner is ill or unable to keep up with finances
- Owner is beneficiary
- Owner has forgotten
- Owner is unaware





## Common Property Types Government Agencies / Courts

- Court Deposits
- Restitution Awards
- Bail Bonds Deposits
- Support Payments
- Escrow Accounts
- Condemnation Awards
- Wages / Payroll
- Accounts Payable
- Accounts Receivable
- Tax Refunds



## Holder Obligations

- PROTECT funds until reported and transferred to the state
- FILE a report
- PERFORM due diligence
- REMIT the property
- MAINTAIN copies of all reports and supporting documentation



## Holder Compliance

- **SUCCESSFUL RETURN** is only possible with diligent annual compliance, as required by law
- **IF AUDITED**, companies may be required to provide financial statements, employment records, physical evidence of due diligence processes, zero report records, or acceptable rationale in using statistical extrapolation for periods where records were not available.
- **ALL AUDIT & LEGAL EXPENSES** will be billed to the company.

## How to Report

- **Due Diligence**
  - Sample letter on page 5 of handout
  - Sample letter on website at [IndianaUnclaimed.gov](http://IndianaUnclaimed.gov) under the “Reporting ” tab on the home page.
  - Please retain evidence (copies) of written notification and reminders
  - Keep records of the dates of mail drops
  - Keep owner address records up to date



## How to Report

- **Due Diligence Checklist**

- Verify that owner:
  - ✓ has not indicated an interest in the property
  - ✓ has not written concerning the property
  - ✓ has not increased or decreased the account
  - ✓ does not own other active accounts
  - ✓ is not a current employee
  - ✓ is not a public figure



## How to Report

- **Information To Report**

- Include all identifying information known to you
- Full name
- Last known address
- Social Security Number or Tax ID Number
- Date of birth
- Driver's License / State ID #
- Email address



## How to Report

- **Aggregate Reporting**

- The threshold dollar value of an individual owner's account that will require owner detail included on the company's unclaimed property report. This may also trigger additional due diligence efforts. In Indiana, the aggregate amount is \$50, meaning all individual accounts equal to or greater than \$50 must be identified on the report and due diligence performed.



## How to Report

- **Zero Reporting**

- "Negative" or "Zero" annual reports reflecting that no unclaimed property is held by the holder or business enterprise are not statutorily required. However, submission of such reports is strongly encouraged and deemed to be a best governance practice by most corporate legal and accounting advisors. Filing an annual "zero report" demonstrates an entity's awareness of the legal requirements and compels a recurring annual book and records review.
- Zero reports can be filed through the "Zero Reports" tab on the [IndianaUnclaimed.gov](http://IndianaUnclaimed.gov) home page.

## How to Report

- **Online Reporting**

- IndianaUnclaimed.gov
- Holders are required to report by Nov. 1 (Life insurance by May 1)
- Allows for mass changes, automatic validation for errors, and audit tracking convenience.
- Eliminates risk of human and process error on both ends.
- Shortens the time required to process reports.
- By statute, Holders are now required to file their reports electronically. Paper and CD reports are no longer accepted.

## How to Report

- **Online Reporting – 5 Easy Steps**

- 1 - Download and print the online Reporting Guide
- 2 - Register to access reporting software
- 3 - Create your NAUPA formatted report
- 4 - Submit your report via the website
- 5 – Print remittance detail sheet, attach to physical check, send to:  
Office of the Indiana Attorney General  
Unclaimed Property Division  
35 South Park Blvd  
Greenwood, IN 46143

## How to Report

### • Registration & Preparing Your Report



#### Login

As of July 1st, 2013 Indiana Code has been amended. IC 32-34-1-26-(h) requires ALL reports to be submitted electronically via the IndianaUnclaimed upload.

An account is necessary in order to login. If you do not have an account, please [Register Here](#).

Online reporting with the State of Indiana guarantees secured access through the use of a dual set of operator usernames and passwords.

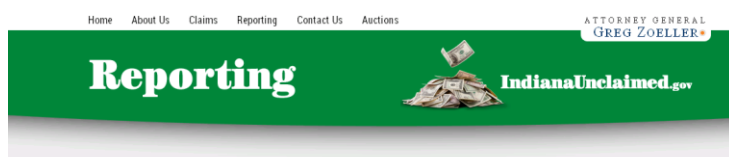
To login, you must:

- When requested by a pop up box, enter the username and password provided by the Unclaimed Property Staff sent via email (Subject title: User registration validation confirmation).
- At the Indiana Unclaimed Property System Login Page, enter the username and password you created during the registration process to file your report online. If you forgot your password to this login, please [click here](#).

[Login Here](#)

## How to Report

### • IndianaUnclaimed.gov “HOW TO” videos



#### Reporting Resources

As of July 1st, 2013 Indiana Code has been amended. IC 32-34-1-26-(h) requires ALL reports to be submitted electronically via the IndianaUnclaimed upload.

Annual reporting deadline for all Holders is NOVEMBER 1st. The reporting deadline for life insurance companies only is MAY 1st.

**First Time Users**  
Please [REGISTER](#) to access IndianaUnclaimed reporting software.

[Reporting How To Videos](#)

[Indiana Unclaimed Property Statute and Rules](#)

[Negative \(Zero\) Reporting](#)

[NAUPA Codes and Dormancy Periods for Property Types](#) [view](#)

[NAUPA Codes for Property Owner Relationship Types](#) [view](#)

[Sample Due Diligence Form Letter](#) [view](#)

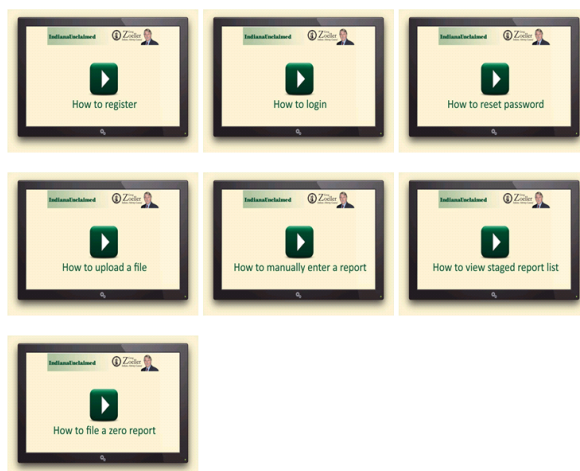
[Common Errors Troubleshooting Guide](#) [view](#)

[Indiana Online Reporting User Guide](#) [view](#)

[Extension Request Form](#) [view](#)

## How to Report

- **IndianaUnclaimed.gov “HOW TO” videos**



## How to Report

- **NAUPA Codes – page 8 of handout**

NAUPA Codes					
CODE	DESCRIPTION	YRS	CODE	DESCRIPTION	YRS
	<b>Accounts</b>			<b>Health Savings Account</b>	
ACO1	Checking Accounts	3	HS01	Health Savings Account	3
ACO2	Savings Account	3	HS02	Health Savings Account Investment	3
ACO3	Matured CD & Savings Certificate	3		<b>Insurance</b>	
ACO4	Christmas Club Funds	3	IN01	Individual Policy Benef/Claim Pmts	3
ACO5	Money on Deposit to Secure Fund	3	IN02	Group Policy Benefits/Claim Pmts.	3
ACO6	Security Deposit	3	IN03	Proceeds Due Beneficiaries	3
ACO7	Unidentified Deposits	3	IN04	Proceeds Due for Matured Policies, Endowments and/or Annuities	3
ACO8	Suspense Accounts	3	IN05	Premium Refunds	3
ACO9	Aggregate Acct Balances under \$50	3	IN06	Unidentified Remittances	3
	<b>Checks</b>		IN07	Other Amts due Under Policy Terms	3
CK01	Cashier's Checks	3	IN08	Agent Credit Balances	3
CK02	Certified Checks	3	IN99	Aggregate Insurance under \$50	3
CK03	Registered Checks	3		<b>Traditional IRA, SEP IRA, SARSEP IRA, and SIMPLE IRA</b>	
CK04	Treasurer Checks	3	IR01	Traditional IRA – Cash	3
CK05	Drafts	3	IR02	Traditional IRA – Mutual Funds	3
CK06	State Warrants	1	IR03	Traditional IRA – Securities	3
CK07	Money Orders	7		<b>Roth IRA</b>	
CK08	Travelers Checks	15	IR05	Roth IRA – Cash	3
CK09	Foreign Exchange Checks	3	IR06	Roth IRA – Mutual Funds	3
CK10	Expense Checks	3	IR07	Roth IRA – Securities	3

## How to Report

- **Reporting Tables – page 10 of handout**

One year Dormancy Period: (Payroll, Wages & Utilities)		
Items that were issued or had a last activity date during:	Due Diligence to be performed no later than	Date to be Reported
07/01/2011 to 06/30/2012	9/1/2013	11/1/2013
07/01/2012 to 06/30/2013	9/1/2014	11/1/2014
07/01/2013 to 06/30/2013	9/1/2015	11/1/2015
*anything prior to 7/1/2011 should have been reported already		

Three Year Dormancy Period:		
Items that were issued or had a last activity date during:	Due Diligence to be performed no later than	Date to be Reported
07/01/2009 to 06/30/2010	9/1/2013	11/1/2013
07/01/2010 to 06/30/2011	9/1/2014	11/1/2014
07/01/2011 to 06/30/2012	9/1/2015	11/1/2015
*anything prior to 7/1/2009 should have been reported already		

Five Year Dormancy Period: (Court Deposits)		
Items that were issued or had a last activity date during:	Due Diligence to be performed no later than	Date to be Reported
07/01/2007 to 06/30/2008	9/1/2013	11/1/2013
07/01/2008 to 06/30/2009	9/1/2014	11/1/2014
07/01/2009 to 06/30/2010	9/1/2015	11/1/2015
*anything prior to 7/1/2007 should have been reported already		

## How to Report

- **Reporting Tables – page 10 of handout**

Seven Year Dormancy Period: (Money Orders CK07)		
Items that were issued or had a last activity date during:	Due Diligence to be performed no later than	Date to be Reported
07/01/2005 to 06/30/2006	9/1/2013	11/1/2013
07/01/2006 to 06/30/2007	9/1/2014	11/1/2014
07/01/2007 to 06/30/2008	9/1/2015	11/1/2015
*anything prior to 7/1/2005 should have been reported already		

Fifteen Year Dormancy Period: (Travelers Checks CK08)		
Items that were issued or had a last activity date during:	Due Diligence to be performed no later than	Date to be Reported
07/01/1997 to 06/30/1998	9/1/2013	11/1/2013
07/01/1998 to 06/30/1999	9/1/2014	11/1/2014
07/01/1999 to 06/30/2000	9/1/2015	11/1/2015
*anything prior to 7/1/1997 should have been reported already		



## How to Report

- **Relationship Codes** – page 11 of handout

State of Indiana Unclaimed Property Relationship Codes	
AD	ADMINISTRATOR
AF	ATTORNEY FOR
AG	AGENT FOR
AN	AND
AO	AND / OR
BF	BENEFICIARY
CC	CO-CONSERVATOR
CF	CUSTODIAN FOR
CN	CONSERVATOR
EX	EXECUTOR / EXECUTRIX
FB	FOR BENEFIT OF
GR	GUARDIAN FOR
IN	INSURED
JC	JOINT TENANTS IN COMMON
JT	JOINT TENANTS WITH RIGHTS OF SURVIVORSHIP
OR	OR
PA	PAYEE
PO	POWER OF ATTORNEY
PR	PRIMARY
RE	REMITTER
TE	AS TRUSTEE FOR
UG	UNIFORM GIFT TO MINOR ACT (UGMA)

## How to Report

- **Reimbursements**
  - Procedure for property submitted in error
  - Complete Holder Request for Reimbursement form (can be found on the website under “Holder FAQs”)
  - Also include notarized statement and proof of payment to claimant.
  - Mail to Unclaimed Property Division.



## How to Report

- **Common Holder Mistakes**

- Overpayment – often payment without records attached
- Underpayment – amount on remitted check does not reconcile with amount on report
- Wrong reporting method used
- Incorrect state, state agency, and/or wrong address
- Missing appropriate signatures



## How to Report

- **More Common Holder Mistakes**

- Missing owner data and/or poor quality data
- Owner names are not in proper fields
- Pre-Eschat
- Incorrect NAUPA/Property codes
- Relationship codes are omitted



## How to Report

- **Extension Requests** – page 6 of handout
  - Must be requested 30 days prior to the reporting deadline
  - Attach an explanation for extension on corporate letterhead stating reason for the request.
  - Examples: technology updates, personnel changes, natural disaster
  - Specify the length of extension request.
  - Must be mailed.
  - Copy of form available through “Reporting” tab on [IndianaUnclaimed.gov](http://IndianaUnclaimed.gov) home page.

## How to Report

### **Voluntary Disclosure Agreements**

Indiana Offers a voluntary disclosure program that allows businesses to voluntarily report and pay past due unclaimed property.

1. Send letter to UPD on company letterhead with:
  - a) Legal Name & FEIN
  - b) Reason for past non-compliance
  - c) Approximate amount of UCP & method of audit
2. Fill out forms stating that company is aware of past transgressions and has made complete effort to bring unclaimed property up to date.
3. Agree to file annual reports from this day forward.

## How to Report

- **Record Retention (IC 32-34-I-43)**
  - Retain copies of remittance reports for 10 years.
  - Retain evidence of due diligence for 10 years.



## How to Report

- **Industry Best Practices**
  - Determine potential liability.
  - Get into compliance with state statutory requirements.
  - Develop and maintain detailed processes and procedures for tracking and reporting unclaimed property.
  - Conduct internal audits of unclaimed property processes and procedures.
  - Form an unclaimed property committee that is responsible for compliance. Include key personnel (e.g. internal audit, legal counsel, upper management, treasurer, comptroller and tax director).

## Links

- [IndianaUnclaimed.gov](http://IndianaUnclaimed.gov)
- [In.gov/attorneygeneral](http://In.gov/attorneygeneral)
- Facebook: Greg Zoeller
- Facebook: Indiana Unclaimed Property
- Twitter: @INATTYGENERAL
- Instagram: buckthemoneydog



## Holder Reporting Resources

- [www.IndianaUnclaimed.gov](http://www.IndianaUnclaimed.gov)
- [www.uppo.org](http://www.uppo.org)
- [www.naupa.org](http://www.naupa.org)
- Bureau of National Affairs Corporate Law Portfolio  
[www.bna.com](http://www.bna.com)



## Contact Information

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## Questions?

